

Senegal and MCC:

Unlocking Economic Growth and Agriculture Productivity through Poverty Reduction

The Board of Directors of the U.S. Government's Millennium Challenge Corporation (MCC) has approved a five-year, \$540 million compact with the Republic of Senegal aimed at reducing poverty and investing in economic growth by unlocking the country's agricultural productivity, rehabilitating major national roads, and investing in strategic irrigation and water resources management.

Background

The Government of Senegal has identified two national-level strategies – to reduce poverty in Senegal through economic growth and to increase the country's food security. Both of these priorities will be facilitated through MCC's \$540 million compact with the Republic of Senegal.

MCC's work will focus primarily in two regions of Senegal that have the most potential for economic productivity—the Senegal River Valley and the Casamance. These two regions are rich in natural resources and have the potential for enormous agricultural productivity, which could contribute significantly both to national growth and food security in the entire country.

Farmers in both regions – individuals, small firms, and large-scale businesses – currently grow high-value fruits and vegetables for local consumption and for export to the rest of Senegal, as well as international markets. A major constraint to economic development in both regions, but particularly in the Casamance, is poor road transport networks, which impede export of goods nationally and regionally.

Road Rehabilitation Project (\$324 million)

Both National Road 2 (RN2), the northernmost road in Senegal, which borders the Senegal River, and National Road 6 (RN6), in the southern Casamance, the poorest region of Senegal, will be rehabilitated and upgraded. Improving these road networks is vital to supporting the agricultural sector—to creating reliable, cost-effective, and time-saving means of transporting locally-produced agricultural products to domestic and international

markets year round. In addition to getting producers and consumers to markets, these roads will also provide access to vital community services, like schools and hospitals.

The RN2 is a strategic road, connecting Dakar Harbor to Mauritania and Mali, and to southern cities in Senegal. MCC will work with the Government of Senegal to rehabilitate and upgrade approximately 120 kilometers, from Richard Toll to Ndioum, and will replace bridges to eliminate flooding and improve road safety. The RN6 is the only road available to transport local agricultural products from Casamance to the rest of Senegal. This strategic road connects Senegal with Guinea Bissau, Guinea (Conakry), and Mali. The planned rehabilitation includes upgrading approximately 256 kilometers of road from Ziguinchor to the crossroads at Kounkane. The improvements of both roads are expected to stimulate domestic and trans-border traffic and commerce.

Irrigation and Water Resources Management Project (\$170 million)

This project will improve the productivity of the agricultural sector by extending and improving the quality of the irrigation system in the Senegal River Valley. MCC will work with the Government of Senegal to develop up to 10,500 hectares of additional irrigated land by increasing the volume of irrigation water. The project will prevent the abandonment of 26,000 hectares of existing irrigable land by rehabilitating drainage canals and expanding secure land tenure. The project will maximize the potential of the irrigated zone by increasing crop yields. For a country that currently imports 70 percent of its rice, the irrigation project moves Senegal a step closer to greater food security.

In addition, MCC funding will support a land tenure security activity to provide for, or maintain, a secure land tenure environment for all of the residents who will be directly affected by the project's investments. The project also may invest in complementary social safeguard measures such as daycare centers and livestock centers.

Program Administration and Monitoring and Evaluation (\$46 million)

Program management and oversight costs are estimated at \$42 million and monitoring and evaluation costs total approximately \$4 million.

Expected Results

MCC's funding will help reduce poverty in Senegal by supporting farmers to improve their crop productivity and expand their access to markets through critical investments in roads and irrigation, thereby also boosting food security. Over the five-year life of the compact, the programs could eventually benefit more than 1 million people and within 20 years benefit over 138,600 households, or 1.66 million people (assuming some overlap in the Senegal River Valley beneficiaries).